

Message Text

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43

ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00

DODE-00 DOTE-00 INR-11 NSAE-00 RSC-01 FAA-00 L-03

DRC-01 /078 W

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R 232031Z AUG 74

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC 7667

INFO AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY PORT OF SPAIN

LIMITED OFFICIAL USE BRIDGETOWN 1467

E.O. 11652: N/A

TAGS: ETRN EAIR BB

SUBJ: CIVAIR: LIAT FUTURE REMAINS UNCLEAR

1. LOCAL COURT LINE REPRESENTATIVE HAS EXPRESSED VIEW THAT WEST INDIAN GOVERNMENTS, LACKING RESOURCES TO ASSUME LIAT'S LIABILITIES, WOULD BE MUCH BETTER OFF STARTING A NEW CARRIER TO REPLACE LIAT IF ADEQUATE ARRANGEMENTS CAN BE MADE WITH LIAT'S NUMEROUS CREDITORS. HE REFUSED TO MAKE ANY PREDICTIONS RE LIAT'S FUTURE, NOTING THAT UNCERTAINTIES ABOUT FINANCES AND MANAGEMENT CAPABILITIES OF WEST INDIAN STATES MADE ANY PREDICTION IMPOSSIBLE AT THIS STAGE.

2. WE DO NOT HAVE PRECISE BREAKDOWN OF LIAT'S DEBT DISTRIBUTION BUT WE BELIEVE THAT DEBT TOTAL IS OVER US DOLS 15 MILLION. WE ARE INFORMED THAT LIAT'S LARGEST DEBT, POSSIBLY AS MUCH AS US DOLS 10 MILLION, IS OWED TO COURT LINE FOR AIRCRAFT CHARTERS AND OTHER SERVICES. COURT REP ALSO BELIEVES LIAT OWES ABOUT US DOLS 2.5 MILLION EACH TO BWIA AND TO HAWKER SIDDELEY, APPROXIMATELY US DOLS 500,000 TO CABLE AND WIRELESS. A SIZEABLE BUT UNKNOWN AMOUNT ALSO OWED TO SHELL AND OTHER OIL COMPANIES WITH LIMITED OFFICIAL USE

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LESSER AMOUNTS TO VARIOUS HOTELS THROUGHOUT REGION (HOLIDAY

INS, BELAIR, ETC.)

3. UK TEAM OF CONSULTANTS REPORTEDLY ARRIVED IN ANTIGUA YESTER-DAY TO BEGIN SURVEY OF LIAT POSITION AND, PRESUMABLY, TO MAKE RECOMMENDATIONS RE CONTINUED AIR SERVICE.

4. COMMENT: LIAT FUTURE AFTER END OF SEPTEMBER REMAINS UNCLEAR. WE TEND TO BELIEVE THAT ONE WAY OR ANOTHER AREA GOVERNMENTS WILL FIND MEANS OF MAINTAINING SOME KIND OF AIR SERVICE BUT SHAPE OF SUCH ARRANGEMENT WILL NOT BE KNOWN UNTIL AT LEAST ISSUANCE OF CONSULTANT'S REPORT ON LIAT. WE UNDERSTAND THAT SOME TERRITORIES HAVE SOUNDED OUT CDB INFORMALLY TO HELP WITH FINANCING OF AIR SERVICES BUT THAT CDB WISHES TO AWAIT ISSUANCE OF REPORT AND RECOMMENDATIONS BEFORE TAKING ANY ACTION.

SIMMS

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AIRLINES, BUSINESS LOSSES, DEBTS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRIDGE01467
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740235-0813
From: BRIDGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740824/aaaaatyr.tel
Line Count: 76
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUN 2002 by boyleja>; APPROVED <04 MAR 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: LIAT FUTURE REMAINS UNCLEAR
TAGS: ETRN, EAIR, BB, LIAT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005